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**MCDERMOTT, WILL & EMERY**

*Including the practice formerly carried on by Lee, Tuomey & Kent*

Charles R. Work  
Attorney at Law  
202-778-8030

March 14, 1994

John C. Dwyer, Esq.  
Assistant Associate Attorney General  
U.S. Department of Justice  
10th Street and Constitution Avenue, N.W.  
Washington, D.C. 20530

Dear Mr. Dwyer:

This is a follow-up letter to the meeting at my office on Tuesday morning, March 1, 1994 between my clients, William and Nancy Hamilton of INSLAW, myself, Mr. Stephen Zipperstein, First Assistant U.S. Attorney for Los Angeles, FBI Special Agent Scott Erskine, and my co-counsel, Michael Friedlander and Philip Kellogg.

You explained at the outset of the meeting that Messrs. Zipperstein and Erskine are reviewing the death of investigative journalist, Danny Casolaro, as part of the Justice Department's review of the June 1993 investigative report on INSLAW by its Special Counsel, Nicholas J. Sui.

We regard as significant the confirmation from Special Agent Erskine during the meeting that a maid at the Sheraton Hotel in Martinsburg, West Virginia, had seen a man leave Mr. Casolaro's hotel room the Saturday morning of the death. According to Special Agent Erskine, the local police took a statement from the hotel maid in which she gave an eyewitness description of the man she saw leaving the room.

It is our understanding that the description is as follows:

A male in his 30's, with an excellent sun tan, wearing a fashionable tee-shirt, dark slacks, and deck shoes.

We recall press accounts of Mr. Casolaro's death, which describe him waiting in the hotel bar on Thursday evening for a dark-skinned man. Could that have been the same man whom the

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maid saw leaving Mr. Casolaro's room Saturday morning and whom she describes as having "an excellent sun tan"?

I will now deal with the answers to the several requests to INSLAW for information that were made during the meeting.

Mr. Zipperstein raised the question of whether any of INSLAW's confidential sources have alleged that Mr. Casolaro was drugged before he was allegedly murdered. As Mr. Hamilton replied, INSLAW was told by one confidential source that a drug known as ethyl alcohol absolut was administered to Mr. Casolaro before he was allegedly killed. This source told INSLAW that the drug was administered by injection into the area just above Mr. Casolaro's spine in order to deaden the nerves below his head. INSLAW was also told that the inventory lot number for the drug administered to Mr. Casolaro was 6810-00-242-3645 and the composition code was ACS-C2-H5OH-FW-46 IGL SA-C-11-84.

A forensic pathologist, Dr. Kit Green, who worked at the CIA for 18 years, claims that the alleged inventory lot number indicates that the drug came from a U.S. Army inventory. Dr. Green's address is 1409 Cedar Bend, Bloomfield Hills, MI 48013.

Attachment A is a copy of the 27-page computer printout labelled "Criminal Division Vendor List." A procurement official for the Justice Department, in response to a question from a fact checker for a national magazine, acknowledged that this list is from the Criminal Division and that a special security clearance is normally required to gain access to it. Upon information and belief, this is a list of commercial organizations that serve as "cutouts" for the Justice Department's own covert intelligence agency, i.e., for the Criminal Division's Office of Special Investigations (OSI). As noted in the February 14, 1994 Addendum, a preliminary analysis has produced information consistent with these claims.

Attachment B is a set of documents relating to Mr. George Pender. Mr. Casolaro had described Mr. Pender to my client as a Los Angeles businessman to whom both Earl Brian and Peter Videnieks effectively reported in connection with the dissemination of stolen copies of the PROMIS software to intelligence entities. As Mr. Hamilton explained during the meeting, Mr. Casolaro, in the final several weeks of his life, confirmed to Mr. Hamilton that he was planning to visit a sensitive facility in Washington, D.C. that Mr. Casolaro said was associated with Mr. Pender. Mr. Hamilton had conveyed to Mr. Casolaro a warning from Mr. Charles Hayes not to visit the facility in question because it could result in Mr. Casolaro's death. According to INSLAW sources, the facility in question

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is a four story townhouse on Jackson Place just behind Blair House that was used for White House "dirty tricks" during the Reagan and Bush Administrations, that was staffed by ex-CIA employees and that was equipped with computer equipment and crypto communications devices used to access very sensitive U.S. Government intelligence, law enforcement and national security databases on American citizens.

At Mr. Zipperstein's request, INSLAW agreed to make additional inquiries about whether any of its confidential sources, in the Justice Department, U.S. intelligence agencies or elsewhere, would agree to speak with Mr. Zipperstein about anything they claim to know about Mr. Casolaro's death.

We are, of course, aware that Mr. Zipperstein served one or more tours of duty in the Justice Department's Criminal Division. You know from our meeting with you on December 16, 1993 and from earlier written submissions about the INSLAW case, how concerned we are about having any career Criminal Division lawyer included in any sensitive aspect of the Justice Department's review of the INSLAW affair.

We have explained more than once that most of our sources refuse to believe that the Justice Department can effectively investigate itself. It is even more difficult to persuade our sources to meet with an attorney who was recently part of the Criminal Division, which, we have been told, was the nerve center for the malfeasance against INSLAW.

It would help us to persuade our sources to come forward if we knew more about Mr. Zipperstein's service in the Department, and if we could argue that his contacts with persons involved in the INSLAW matter were relatively minimal. The following information would be helpful: (1) What were the dates and associated duties of the various periods of Mr. Zipperstein's service in the Justice Department's Criminal Division; (2) What are the dates and associated duties of the various periods of Mr. Zipperstein's service in the U.S. Attorney's Office for Los Angeles; (3) What involvement, if any, has Mr. Zipperstein had with the Criminal Division's Office of Special Investigations (OSI) in general or Mr. Neil Sher, in particular; (4) What involvement, if any, has Mr. Zipperstein had with the Justice Command Center; (5) What involvement, if any, has Mr. Zipperstein had with the Justice Department's Office of Security and Emergency Planning or Mr. D. Jerry Rubino; (6) What involvement, if any, has Mr. Zipperstein had with either the PROMIS software, the INSLAW affair, or any investigation by the Justice Department or an external agency into any aspect of the INSLAW affair; (7) What

involvement, if any, has Mr. Zipperstein had with either of two former top Criminal Division officials from California, D. Lowell Jensen and Stephen Trott; (8) What involvement, if any, has Mr. Zipperstein had with the pending criminal investigation by his U.S. Attorney's Office in Los Angeles of Earl W. Brian and Financial News Network (FNN) for possible securities fraud; and (9) In light of the claim by some of INSLAW's sources, that disclosure of information to unauthorized persons could subject them to penalties, what security clearances are currently held by Mr. Zipperstein, FBI Special Agent Erskine, and yourself?

One point requires clarification. During the meeting, FBI Agent Erskine read from the notes that he had been taking during the meeting. As Mr. Hamilton pointed out to FBI Agent Erskine, the notes significantly misconstrued Mr. Hamilton's statements about Mr. Casolaro during the meeting. FBI Agent Erskine's notes quoted Mr. Hamilton as stating during the meeting that Mr. Casolaro had been "embarrassed" by his inability to develop evidence during the initial several months of the investigation. What Mr. Hamilton had, in fact, said, was that Mr. Casolaro appeared to have a fairly healthy psyche because he was not embarrassed to admit his frustrations about obtaining evidence during the initial few months of his investigation that began in August 1990. As Mr. Hamilton stated, Mr. Casolaro was as comfortable talking about the problems of the investigation as he was talking about the eventual successes of his investigation.

Finally, since our meeting of March 1, 1994, Mr. Richardson received a letter from you dated March 7, 1994. In that letter you requested copies of the following documents:


- (1) "[A] document published by the same Underseas Systems Center in 1987 that revealed that its PROMIS is not only operating at the land-based 'test facility' in Newport, but is also operational on board both attack class and 'boomer' class submarines." [Addendum, p. 8.]
- (2) "Justice Department documents that INSLAW obtained years later in litigation discovery suggest[ing] that Vaveris actually assisted Videnieks in perpetrating the sham dispute." [Addendum, p. 7.]

Attachments C and D are in response to the aforementioned requests.

John C. Dwyer, Esq.  
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If we can be of any further assistance, please do not  
hesitate to call.

Sincerely yours,

  
Charles R. Work

CRW/ps  
Enclosures

cc: Stephen Zipperstein, Esq., First Assistant, U.S.  
Attorney's Office for Los Angeles  
Mr. Scott A. Erskine, FBI Supervisory Special Agent  
Philip L. Kellogg, Esq.  
Michael E. Friedlander, Esq.

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For Background Purposes Only

Washington, D.C. 20530

March 17, 1994

Charles R. Work, Esq.  
McDermott, Will & Emery  
1850 K. Street, N.W.  
Washington, D.C. 20006-8087

Dear Mr. Work:

I am writing in response to your letter of March 14, 1994.

I am troubled by the statement in that letter regarding the "confirmation" by Supervisory Special Agent Erskine of certain facts. In fact, neither Supervisory Special Agent Erskine nor Steve Zipperstein confirmed any such details. Rather, we were participating in the meeting in order to determine what, if any, information the Hamiltons could provide relevant to our review of Judge Bua's report. To the extent you understood any part of our meeting as a confirmation of any facts or as constituting some sort of status report on our review, you were mistaken.

We appreciate whatever efforts you or the Hamiltons have undertaken to convince your sources who allegedly have information on Daniel Casolaro's death to come forward. With regard to the concerns raised in your letter, you should know that Associate Attorney General Hubbell has complete confidence in Mr. Zipperstein's competence and integrity. Mr. Zipperstein has been employed by the United States Attorney's Office for the Central District of California since November 1987. He was detailed to the Criminal Division of the Department of Justice from July 1992 through December 1993.

If, as a result of Mr. Zipperstein's career status, INSLAW's sources are unwilling to speak to him about Mr. Casolaro's death, I am hopeful that you will encourage them to contact me directly.

Sincerely,

  
John C. Dwyer

Assistant Associate Attorney General

cc: Steve Zipperstein  
Scott Erskine

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Charles R. Work  
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March 24, 1994

John C. Dwyer, Esq.  
Assistant Associate Attorney General  
U.S. Department of Justice  
10th Street and Constitution Avenue, N.W.  
Washington, D.C. 20530

Dear Mr. Dwyer:

I am writing in response to your letter of March 17, 1994.

Immediately after you and Messrs. Zipperstein and Erskine left the meeting in my conference room on Tuesday, March 1, 1994, Mr. and Mrs. Hamilton and my two co-counsel, Philip Kellogg and Michael Friedlander, and I reviewed what had been discussed in the meeting. We all agreed that we had heard Supervisory Special Agent Scott Erskine confirm that a maid at the Sheraton Hotel in Martinsburg, West Virginia, had seen a man leave Mr. Casolaro's hotel room the morning of the death. Mr. Erskine even corrected Mr. Hamilton's statement that an FBI agent had taken a statement from the hotel maid by saying it was not the FBI but the local police who had taken the statement. Furthermore, Mr. Erskine implied familiarity with the content of the maid's eyewitness description by volunteering that the description could fit any number of people. It was not my intention to trouble you but merely to call attention to a new fact which we view as significant.

I did not suggest in my letter that Associate Attorney General Hubbell either lacks confidence or should lack confidence in Mr. Zipperstein's competence and integrity. What I attempted to convey to you is that irrespective of what the reality within the Justice Department itself may be, potential witnesses who claim to have information potentially relevant to the investigation of Mr. Casolaro's death simply will not be forthcoming unless we can at least provide them with answers to the kinds of factual questions I posed to you in my March 14, 1994 letter. This is especially true for someone from the Criminal Division, given the Criminal Division's alleged role

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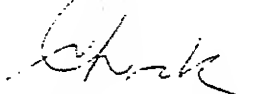
in the INSLAW affair. Thank you for the two answers that were provided. If more can be provided, it would help.

Since sending that letter to you, we have had two independent developments that are illustrative of this problem. Two individuals who do not know one another have each worried aloud about the impartiality and seriousness of the Zipperstein/Erskine investigation. Each of these individuals has already talked to Messrs. Zipperstein and/or Erskine. Each of these witnesses claims to have additional knowledge about developments during the final weekend of Mr. Casolaro's life, but to have reason to be fearful of possible reprisals if the information falls into the wrong hands.

I have been made aware of both their fears and the information they claim to know. In my opinion, if the information they claim to know is true, it would not be unreasonable for each of them to be fearful of reprisal, perhaps even physical reprisal. In my opinion, the information they claim to have is the kind of information that any serious homicide investigation would wish to obtain.

We are trying to get these people to come forward. In these circumstances, it is not unreasonable for witnesses to be suspicious of Justice Department, especially Criminal Division employees. I can assure you providing us with the answers to my questions concerning Mr. Zipperstein's possible prior involvement in this matter will help us with this task.

Sincerely yours,

  
Charles R. Work

CRW/ps

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cc: Bill Hamilton